

Message Text

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PAGE 01 NAIROB 00588 211036Z

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ACTION AF-06

INFO OCT-01 ISO-00 L-03 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

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P 210940Z JAN 76

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC PRIORITY 7297

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PASS TO EXIMBANK

E.O. 11652: N/A

TAGS: EFIN, EXIM, KE

SUBJECT: EXIMBANK FINANCING FOR HOTEL INTER-CONTINENTAL

REF STATE 010813

1. SUMMARY: EMBASSY APPRECIATED DEPARTMENT'S PROMPT REPLY REGARDING PROBLEM OF EXIMBANK FINANCING FOR HOTEL NAIROBI INTER-CONTINENTAL (CREDIT NO. 4263). SUBSTANCE PASSED TO MICHAELSEN, WHO REMAINS COMPLETELY UNRECONCILED AND STATES THAT EXIMBANK'S ASSURANCES (MICHAELSEN'S PHRASE) THAT FINANCING WOULD CONTINUE TO BE AVAILABLE ON THE SAME TERMS, PUT KENYA HOTEL PROPERTIES LTD. (KHP) IN SITUATION OF QUOTE DETRIMENTAL RELIANCE ON SUCH ASSURANCES GIVEN BY EXIMBANK UNQUOTE. END SUMMARY.

2. MICHAELSEN SHOWED EMBASSY COPY OF LETTER TO OFFICE OF TREASURER-CONTROLLER, EXIMBANK, DATED APRIL 17, 1975, SIGNED BY COMPANY SECRETARY OF KHP, WHICH WE QUOTE PARTIALLY BELOW:

3. QUOTE: DEAR SIR, WE ARE IN RECEIPT OF YOUR COMMITMENT FEE BILLING DATED 10TH APRIL 1975. THE LIMITED OFFICIAL USE

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PAGE 02 NAIROB 00588 211036Z

FEE CHARGED IS FOR THE PERIOD TO 28TH FEBRUARY 1975,

BEING THE EXPIRY DATE AS PER THE DRAFT LOAN AGREEMENT.
WE UNDERSTAND THAT THERE HAS BEEN DISCUSSIONS BETWEEN
YOUR COUNSEL MR. CHARLES GABA AND MR. BURGUND OF
INTER-CONTINENTAL HOTELS CORPORATION, NEW YORK AND THE
AGREEMENT IS BEING REVISED AND AMONGST OTHER CHANGES
THE "AVAILABILITY DATE" IS BEING CHANGED FROM 28TH
FEBRUARY 1975 TO 30TH SEPTEMBER 1977. UNQUOTE.

4. ACCORDING MICHAELSEN, NEITHER THIS LETTER NOR SIMILAR
CABLE DATED MARCH 24, 1975 SENT TO CITIBANK, NEW YORK,
WAS ACKNOWLEDGED.

5. AMBASSADOR HAS ALSO RECEIVED LETTER DATED JANUARY 20, 1976

FROM MR. S.O. MEYA, CHAIRMAN, KENYA HOTEL PROPERTIES,
WHO STATES THAT SINCE RECEIPT REFTEL MICHAELSEN AGAIN
SPOKE ON TELEPHONE WITH REYNOLDS BURGUND, VICE PRESIDENT
OF IHC DEVELOPMENT, NEW YORK, WHO INSISTS HE OBTAINED
ASSURANCES FROM EXIMBANK, IN TELEPHONE DISCUSSIONS, FOR
EXTENSION OF LOAN COMMITMENT. IN HIS LETTER, MEYA AGAIN
REPEATED CHARGE OF QUOTE DETRIMENTAL RELIANCE UNQUOTE.

6. COPIES CORRESPONDENCE BEING AIR-POUCHED TO
EXIMBANK AND AF/EPS.

7. ACTION REQUESTED: BURGUND WILL BE COMMUNICATING
FURTHER WITH EXIMBANK ON THIS SUBJECT. PLEASE KEEP
EMBASSY INFORMED OF OUTCOME SUCH DISCUSSIONS.

EXEMPT.
MARSHALL

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: morefirh
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Margaret P. Grafeld
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